



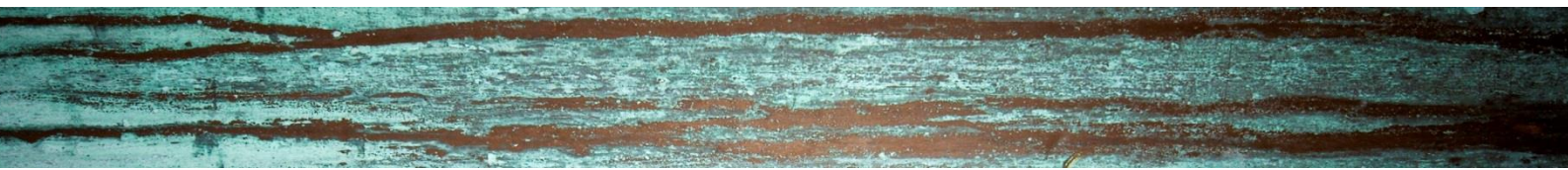
COPPERMOLY
Limited

A.B.N. 54 126 490 855

2021

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021



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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Coppermoly Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

The following individuals were Directors of Coppermoly Limited during the whole of the financial year ended 30 June 2021, and up to the date of this report unless stated otherwise:

Mr Kevin Grice
Mr Jincheng Yao
Dr Wanfu Huang
Mr Zule Lin
Mr Xuan Jian

Please see pages 8-9 of the Directors' Report for further details on each director.

PRINCIPAL ACTIVITIES

The principal activities during the financial year of entities within the consolidated entity were exploration and evaluation of porphyry copper-molybdenum-gold projects in Papua New Guinea.

There were no significant changes in the principal activities during the year.

RESULTS AND DIVIDENDS

The consolidated entity loss from operating activities after income tax for the period was \$1,045,713 (2020: Loss \$1,212,613). No dividend has been paid or recommended during the year ended 30 June 2021 (2020: nil).

OPERATING & FINANCIAL REVIEW

Coppermoly Limited is an ASX-listed exploration company targeting porphyry style large scale-low grade projects prospective for copper, gold, and molybdenum. The Company's projects are located on New Britain Island in Papua New Guinea (**PNG**).

Operational Review

During the year ended 30 June 2021 the Group's principal activity continued to be the exploration and development of its portfolio of copper-gold projects located in Papua New Guinea. As at 30 June 2021, the consolidated entity had interests in the following exploration licences, all of which are in Papua New Guinea and 100% owned by the Group except as noted below:

Project	Date first acquired	Location
EL 1043 Mt Nakru	Jan 2008	West New Britain
EL 2379 Simuku	Jan 2008	West New Britain
EL 2514 Makmak	Sep 2017	West New Britain
EL 2578 Kori River	Feb 2019	West New Britain
EL 2638 Metelen River	May 2020	West New Britain

Two of the exploration licences currently held by the Company, EL 1043 Mt Nakru and EL 2379 Simuku, are together known as the West New Britain Projects (**WNB Projects**).

The WNB Projects were previously subject to a farm-in agreement with Barrick (PD) Australia Ltd (**Barrick**), a subsidiary of Barrick Gold Corporation. The Company has a binding agreement to reacquire Barrick's remaining nominal 28% interest in the WNB Projects, completion of which will be effected on the payment of a further \$4.5M to Barrick within 6 months after the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects. See note 10 to the Consolidated Financial Statements for more details.

Due to the COVID-19 pandemic and the related restrictions on the ability of Australian based personnel to travel to Papua New Guinea to oversee exploration programs, during the year the Group deferred all planned exploration activities including the proposed drilling program at Mt Nakru. The activities undertaken by the Group during the 2021

DIRECTORS' REPORT

financial year were focussed on maintaining the Group's capability to recommence its exploration programmes when circumstances allow including:

- Maintaining equipment and infrastructure in Papua New Guinea including access roads and exploration camps.
- Maintaining the Group's exploration licences and relationships with landowners, regulators, and other stakeholders.
- Reviewing historical exploration data to refine and enhance planned exploration programs.

In addition, considering the COVID-19 related restrictions on the Group's exploration activities in Papua New Guinea the Group commenced assessing opportunities to acquire interests in copper and gold projects in other jurisdictions to diversify its portfolio of projects.

The Group remains well funded and is operationally ready to resume exploration activities when circumstances allow.

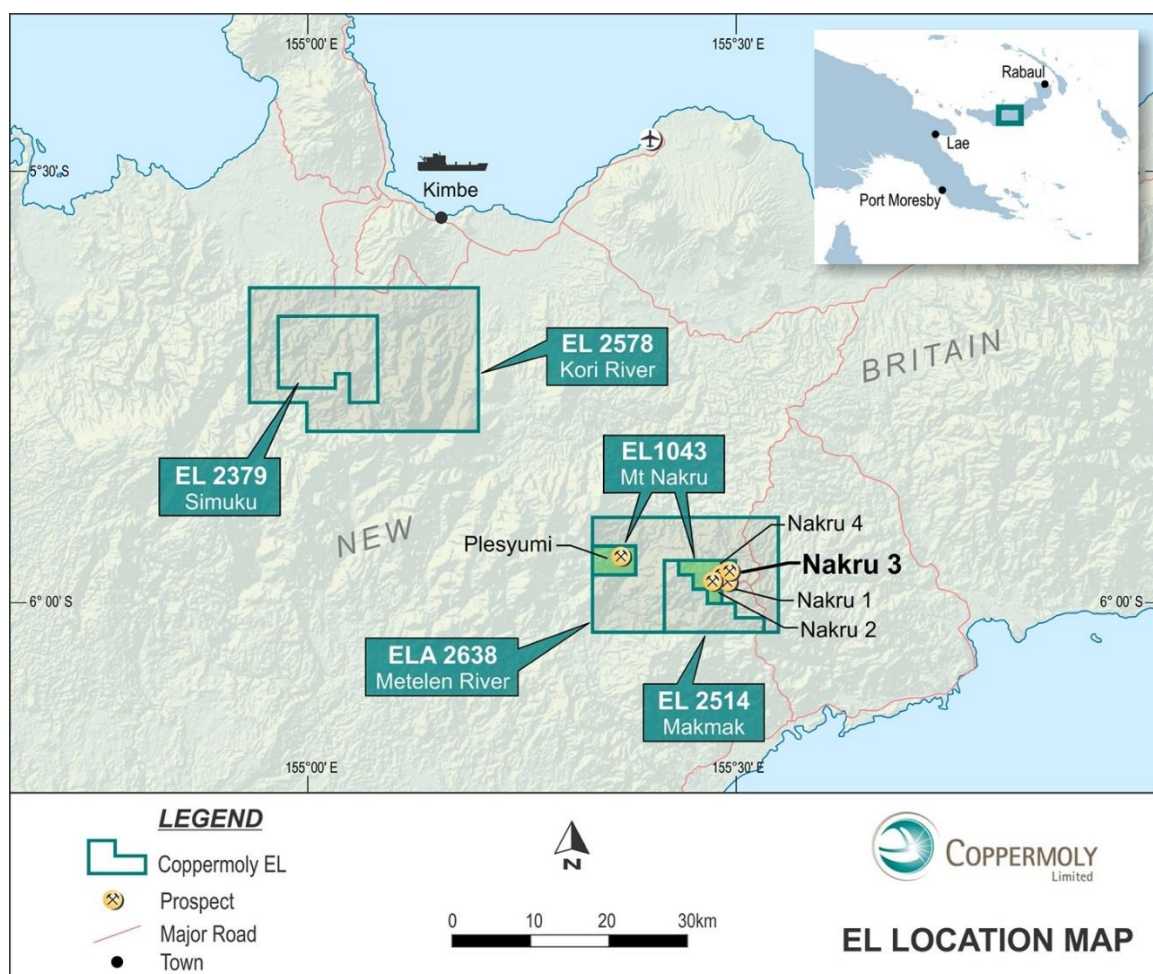


Figure 1: Coppermoly's Exploration Licences on New Britain

Projects overview

EL1043 Mt Nakru

The Mt Nakru Cu-Au project (EL 1043) comprises two known deposits, Nakru 1 and Nakru 2, which are 1.5 km apart. The Mt Nakru Project hosts JORC Mineral Resources which were estimated by Mining Associates in February 2019 and are summarised in Table 1.¹ High-grade copper-zinc mineralisation has also been exposed at surface at the Nakru 2 North-West and Nakru 3 Prospects.

DIRECTORS' REPORT

Resource	Mineralised	Grade			Metal		
Category	Tonnes (millions)	Copper	Gold	Silver	Copper (kt)	Gold (koz)	Silver (koz)
Indicated	7.03	1.00	0.28	1.81	70	64	409
Inferred	34.36	0.69	0.21	1.55	239	237	1,707
Total	41.39	0.75	0.23	1.59	309	301	2,116

Table 1. Nakru Project Indicated and Inferred Mineral Resource Estimate, Feb 2019 (> 0.3% Cu)

A planned exploration drilling program at Mt Nakru to define the strike length and depth extent of the currently exposed massive and disseminated sulphides has been deferred pending the lifting of COVID-19 related restrictions on travel between Australia and Papua New Guinea.

On 11 August 2021 the Group received confirmation from the Mineral Resources Authority of Papua New Guinea that EL1043 has been renewed for a two-year period expiring 7 December 2022.

Simuku (EL 2379)

The Simuku Project comprises Exploration Licence 2379 on the island of New Britain in Papua New Guinea (Figure 2). Mineralisation at Simuku is copper-molybdenum-gold porphyry style associated with the Simuku-Kulu Intrusive Complex, which is Upper Oligocene in age.

The copper-molybdenum-gold mineralisation is pre-dominantly hosted within the feldspar porphyry and to a lesser extent in the andesitic volcanics, diorite and volcanoclastics. The Simuku porphyry copper-molybdenum-gold deposit is discontinuous over a large area of approximately 4.5 x 2.2 km. The deposit has a very distinct elongate pattern to the mineralisation with an envelope of copper around a molybdenum core exhibiting phyllic alteration (Figure 3).

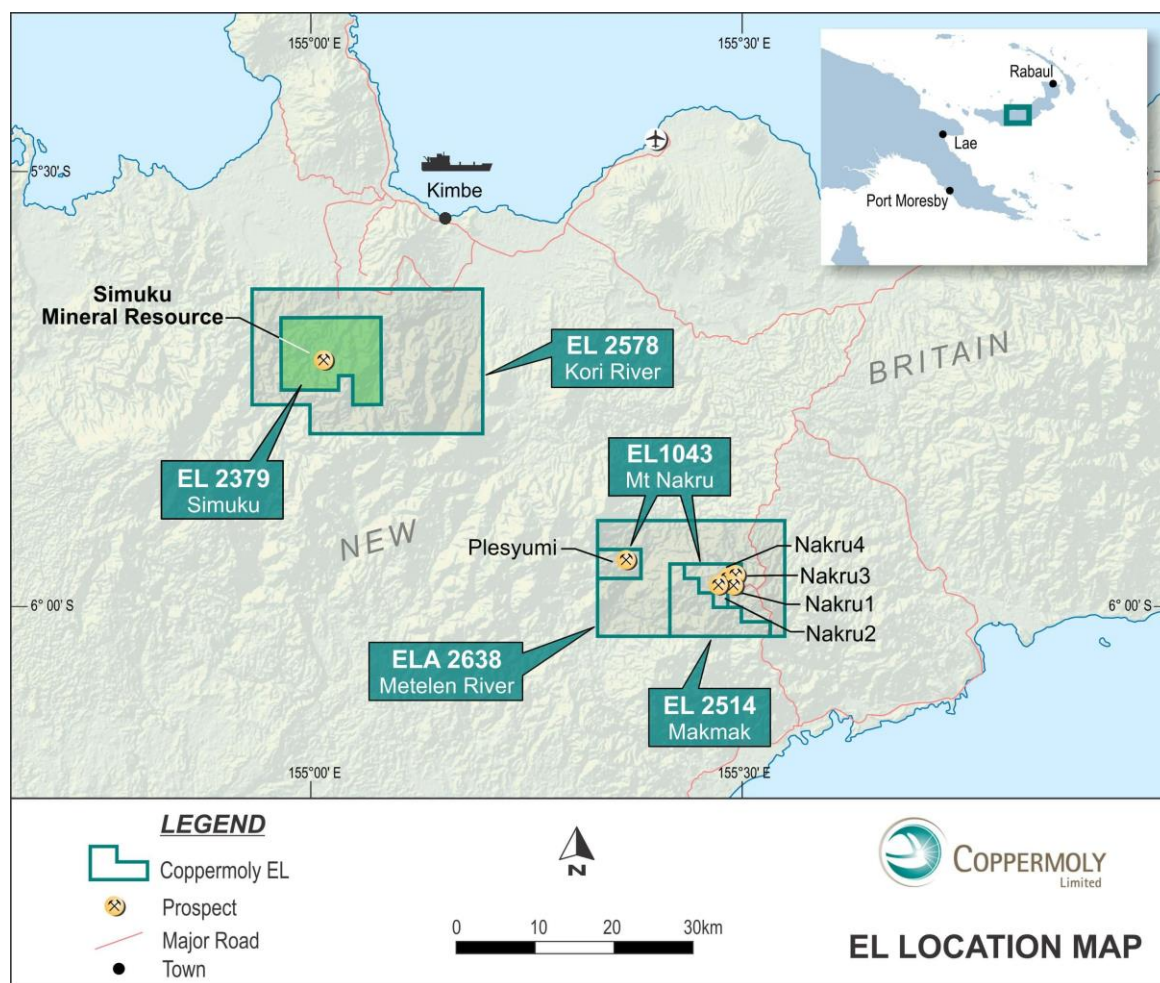


Figure 2 – Location of the Simuku Project

¹ See Coppermoly ASX Announcement 28 February 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

DIRECTORS' REPORT

The content of chalcopyrite (copper sulphide) is quite variable throughout the deposit, whereas pyrite associated with alteration, is ubiquitous across the deposit varying from weak to fine disseminations (<0.5% vol), fracture in-fill, replacements, and veins. The copper mineralisation is assumed to have been emplaced post formation of all the geological units and infiltrated along the faults and fractures.

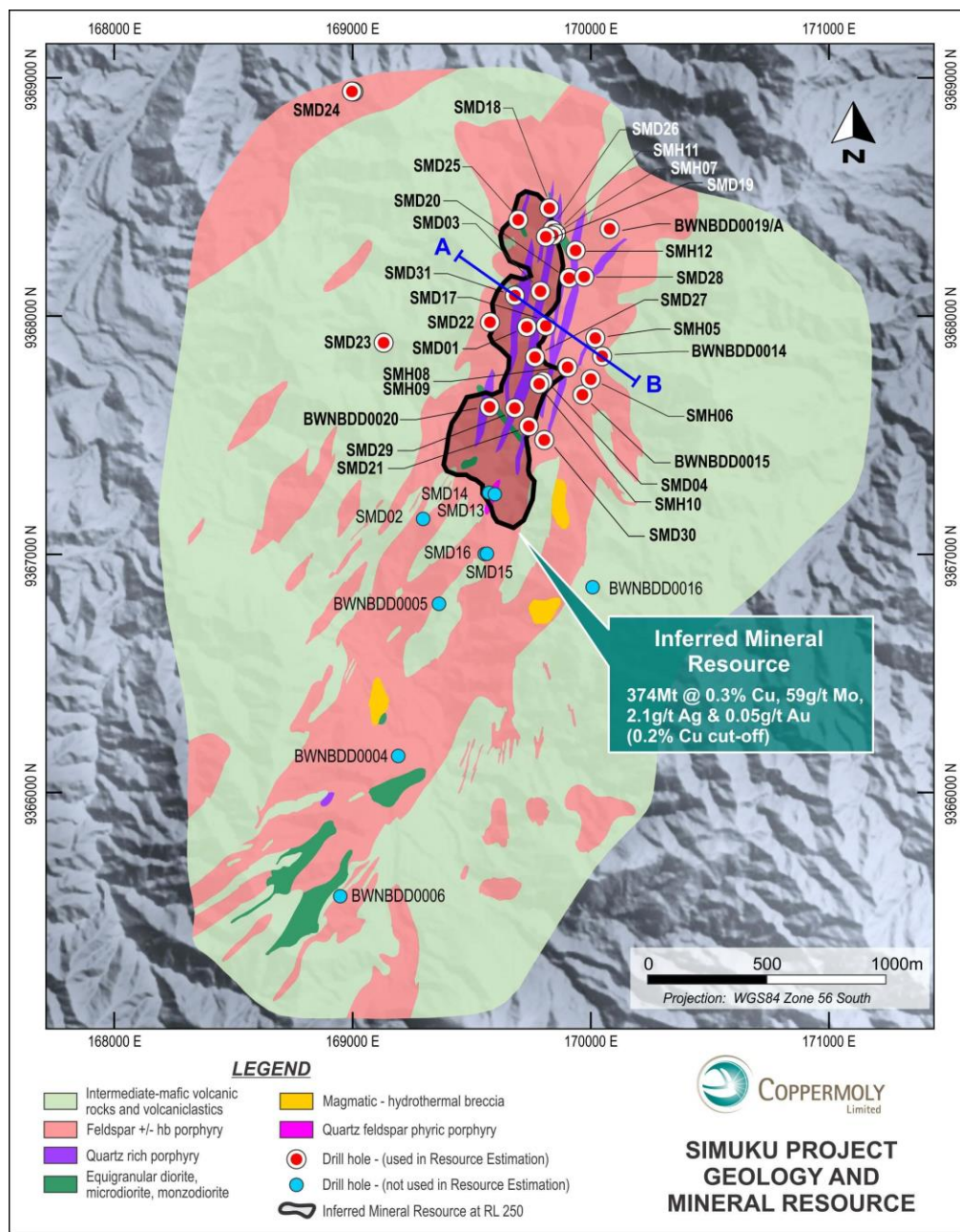


Figure 3 – Geology of the Simuku Mineral Resource⁵

Table 2 and Figure 8 detail the Simuku Mineral Resource, which has been reported at a 0.2% copper cut off above a local grid northing of 52145mN. The cut-off grade is consistent with similar bulk mining porphyry copper projects located in PNG.

Category	Mt	Cu %	Au g/t	Ag ppm	Mo ppm	Cut-Off
Inferred	373.6	0.31	0.05	2.1	59	0.2% Cu

Table 2 - Simuku Mineral Resource Statement

⁵ See Coppermoly ASX Announcement 4 March 2020 for full details of the Simuku Mineral Resource Estimate. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

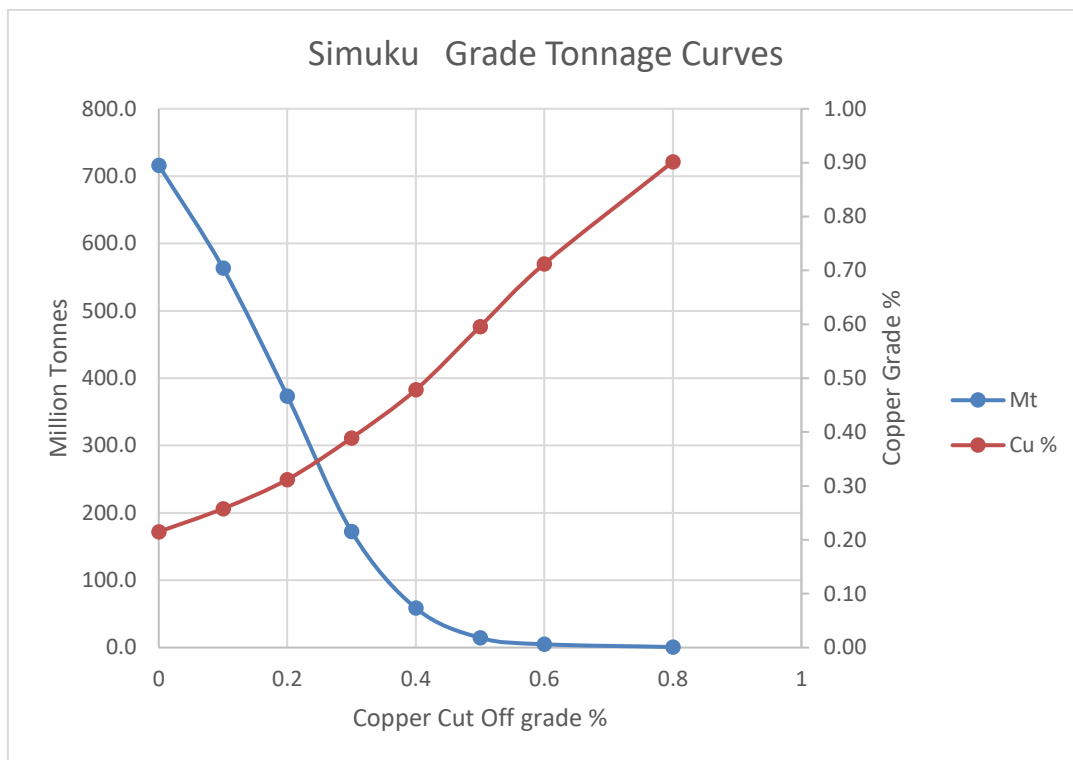


Figure 4- Grade-Tonnage Curves for Domain 1

Figure 5 illustrates the copper block grade distribution for the Simuku Mineral Resource as an oblique 3-D view.

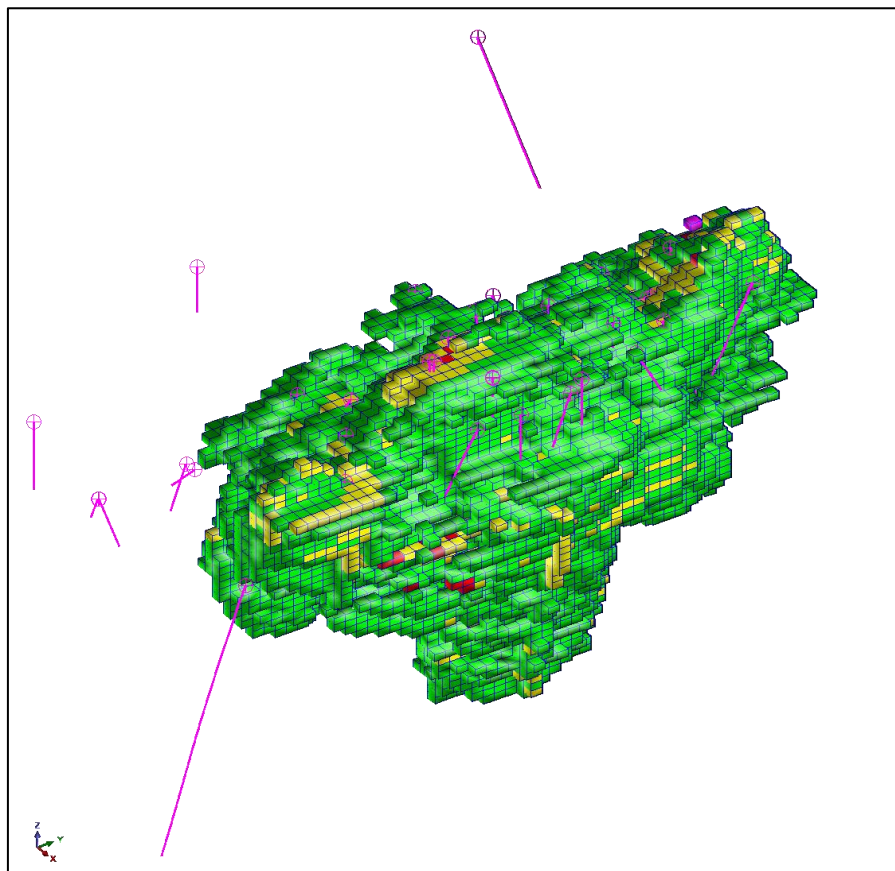


Figure 5 - Copper Block Grade Distribution for the Simuku Mineral Resource

Coppermoly's exploration strategy is to investigate areas adjacent to the Simuku Mineral Resource for similar styles of mineralisation to expand the overall Mineral Resource. Recent geophysical studies completed by the Company have outlined target areas near the Simuku Mineral Resource for follow up exploration.

DIRECTORS' REPORT

Makmak (EL2514)

Makmak is a greenfields exploration tenement that lies proximal to the Nakru tenement. There are several sites within the tenement where rock chip and stream sediment samples have returned elevated copper and gold analysis. In the next quarter, a plan is proposed to conduct a follow up sampling program around the best results to delineate the extent of potential mineralisation and possibly define a source zone.

Kori River (ELA 2578)

In June 2019, Coppermoly Limited received notification from the Mineral Resources Authority of Papua New Guinea that the Company's application for exploration licence EL2578 Kori River (EL2578) had been approved.

EL2578 is valid for an initial term of 2 years at which time the Company may apply for a further extension. The Company's minimum expenditure under the exploration is PGK50,000 per annum for the initial two-year term.

Metelen River (ELA2638)

In May 2020, Coppermoly Limited was granted ELA2638 Metelen River which occupies an area of 246km² and is located adjacent to the Company's existing Mt Nakru and Makmak exploration licences.

Financial Review

Profit or Loss

For the year ended 30 June 2021 the Group recorded an operating loss after tax of \$1,045,713 (2020: Loss of \$1,212,613). The decrease in the operating loss in the current year was attributable to a general decrease in corporate and administrative expenses as the level operating activities continued to be deferred during the year due to COVID-19 related restrictions on travel between Australia and PNG.

Statement of Financial Position

Total assets decreased by \$2,353,431 over the year due primarily due to the outflow of cash reserves from corporate and administrative expenditure during the year and an unfavourable exchange rate on capitalised exploration and evaluation expenditure.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matters noted in this Directors' Report that has been no significant change in the state of affairs of the Company or the Group during the reporting period.

IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic in early 2020 and the subsequent travel and trade restrictions imposed by the governments of numerous countries including Australia and Papua New Guinea have caused disruption to businesses and economic activity. The Board and Management of the Group have considered the impact of the COVID-19 pandemic on the Group's operations and financial performance and have determined that the Group has not been materially impacted by the COVID-19 pandemic at this stage.

The Group received \$37,500 (2020: \$62,500) in cash boost grants from the Australian government during the financial year as part of the Australian government's, economic response to the COVID-19.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Except as noted below, no matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- On 11 August 2021 the Group received confirmation from the Mineral Resources Authority of Papua New Guinea that EL1043 has been renewed for a two-year period expiring 7 December 2022.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect of its mineral exploration and mining activities.

DIRECTORS' REPORT

The entity has exploration tenements in Papua New Guinea. The entity is not aware of any breach of environmental regulations during or since the end of the financial year.

INFORMATION ON DIRECTORS

Director and Experience	Particulars of Directors' interest in shares and options of Coppermoly Limited		
	Special Responsibilities	Ordinary Shares	Listed Options
Kevin Grice			
Non-Executive Director since 15 July 2014.	Member of Audit Committee.	4,000,000	Nil
Mr Grice, BComm CPA MAICD, is a successful finance executive with significant experience with listed and unlisted exploration companies and general management experience, including as acting Chief Executive and Chief Financial Officer of Renison Consolidated Mines NL (now Laneway Resources Ltd), Chief Financial Officer of ASX Listed Highlands Pacific Limited and various other roles with Ensham Resources, Century Gold Resources Pty Ltd and others.			
Mr Grice has not served as a Director of any other public listed companies during the last three years.			
Jincheng Yao			
Non-Executive Director since 5 March 2015.	Nil	42,775,741	Nil
Mr Yao, MBA and Bachelor of Commerce, is a finance professional based in mainland China. He has held various senior executive roles in the Meijin Group and is currently Vice President and Director of Meijin Energy Group Limited.			
Mr Yao has not served as a Director of any other public listed companies during the last three years.			
Wanfu Huang			
Managing Director since 11 March 2015.	Member of Audit Committee.	100,247,368	Nil
Dr Huang is a member of the Australian Institute of Geoscientists and holds a PhD, a MSc and a BSc. Dr Huang has more than 20 years' experience in the exploration industry. He has held numerous positions in the industry, covering base metals, gold, iron ore, coal and bauxite in Australia and overseas.			
Dr Huang has not served as a Director on any other public listed companies during the last three years.			
Zule Lin			
Non-Executive Director since 11 April 2016.	Nil	11,011,723	Nil
Mr Lin holds a master's degree in finance and is currently the Chief Financial Officer of Coppermoly investor Ever Leap Services Ltd parent company Shanxi Xierun Investment Limited. Mr Lin has more than 15 years of experience in financial management.			
Mr Lin has not served as a Director on any other public listed companies during the last three years.			

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Particulars of Directors' interest in shares and options of Coppermoly Limited

Director and Experience

Special Responsibilities Ordinary Shares Listed Options

Xuan Jian

Non-Executive Director since 28 August 2019.

Nil

2,424,947

Nil

Mr Jian is a qualified geophysicist, property valuer and is a certified public accountant (China). Mr Jian has significant international experience in the resources and investment sectors.

Mr Jian has not served as a Director on any other public listed companies during the last three years

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Stephen Kelly

Stephen Kelly is a qualified Australian Chartered Accountant. He has more than 25 years' international experience in the areas of external and internal audit, risk management and compliance, treasury, and corporate finance across a range of industry sectors including mining, infrastructure, property development, and banking and finance. He has served as the Company Secretary and CFO for companies listed on the ASX, TSX and the London Stock Exchange. Mr Kelly is also a member of the Audit Committee.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Mr K Grice	3	3	2	2
Mr J Yao	3	2	*	*
Dr W Huang	3	3	2	2
Mr Z Lin	3	2	*	*
Mr X Jian	3	2	*	*

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

* = Not a member of the relevant committee

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration

The following people were the Directors, Executives and Key Management Personnel (**KMP**) of the Group during the period covered by this report:

Name	Position	Period Position Held
K. Grice	Non-Executive Director	15 July 2014 – Current
J. Yao	Non-Executive Director	5 March 2015 – Current
W. Huang	Managing Director	11 March 2015 – Current
Z. Lin	Non-Executive Director	11 April 2016 – Current
X. Jian	Non-Executive Director	28 August 2019 – Current

Apart from the above there were no other executives of the Company and the Group during the current year.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive rewards satisfy the following key criteria for good reward governance practices:

- competitiveness and reasonableness.
- acceptability to shareholders.
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Remuneration consultants have not been engaged by the company.

Relationship between remuneration and Company performance

During the past year, the Group has generated losses because it is still involved in exploration and not production.

Overview of the Company's ordinary share price and other key metrics at year end for the last five years ended 30 June 2021:

	2017	2018	2019	2020	2021
Share price at year end	\$0.020	\$0.008	\$0.006	\$0.006	\$0.01
Change in share price ¹	\$0.012	(\$0.012)	(\$0.002)	\$0.000	\$0.004
TSR – year on year ²	150.0%	(60.0%)	(25.0%)	(0.0%)	66.7%
Loss for the year	\$1,395,240	\$627,966	\$875,980	\$1,212,613	\$1,045,713
KMP remuneration	\$163,800	\$163,800	\$201,446	\$400,583	\$324,250
Market Capitalisation at year end	\$21.9M	\$11M	\$10.4M	\$12.8M	\$21.7M

¹ The change in share price as measured by the share price at the end of the year from opening share price.

² Total shareholder return (TSR) – measured as the percentage change in the share price over the year.

There were no dividends paid during the year ended 30 June 2021 (2020: nil).

The link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company.

Share prices are subject to the influence of international economic factors and market sentiment toward the sector and increases or decreases may occur quite independent of executive performance or remuneration.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the responsibilities and the demands made on the Directors. Non-Executive Directors' fees and payments are reviewed periodically by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees

The current base remuneration was last reviewed in March 2014. Directors' fees are inclusive of committee fees.

Retirement allowances for Directors

The Company provides no retirement allowances for Non-Executive Directors under service contracts.

Executive pay

The executive pay and reward framework can have three components:

- base pay and benefits
- long-term incentives through options, and
- other remuneration such as superannuation.

Base pay

This is structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion and subject to mutual agreement between the executive and the Company. No non-cash benefits were provided by the Company in the current or prior periods.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executive's contracts. Refer to section (b) for further details.

Benefits

Executives receive no benefits outside of the base pay, non-monetary benefits, options, and superannuation disclosed in this report.

Retirement benefits

Other than the statutory superannuation contribution and superannuation paid by way of salary sacrifice, no retirement benefits are provided for executives.

Coppermoly Limited Employee Incentive Option Plan

There are no Employee Options on issue as at the date of this report.

Coppermoly Limited Directors' & Officers Option Plan

There are no Directors' & Officers Options on issue as at the date of this report.

(b) Service Agreements

Remuneration and other terms of employment for the Executive Directors are formalised in service agreements. None of the Directors are eligible to participate in the Coppermoly Limited Employee Incentive Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

Non-Executive Directors are not eligible to receive any termination payments.

K. Grice, Non-Executive Director

- Base fees, inclusive of superannuation, as at 30 June 2021 of \$40,000 to be reviewed annually.

J. Yao, Non-Executive Director

- Base fees as at 30 June 2021 of \$40,000 to be reviewed annually.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

W. Huang, Managing Director

- Gross cash salary as at 30 June 2021 of \$150,000 per annum (excluding statutory superannuation)
- On 17 December 2020, the Company issued 14,285,715 fully paid ordinary shares at an issue price of \$0.007 to Dr Wanfu Huang under the terms of Dr Wanfu Huang's employment contract as Managing Director (which became effective 1 May 2019) which entitled Dr Wanfu Huang to receive the shares on the first anniversary of his appointment as the Company's Managing Director. The expense for the shares was recognised in FY 2019 and FY 2020.

Z. Lin, Non-Executive Director

- Base Salary as at 30 June 2021 of \$40,000 to be reviewed annually.

X. Jian, Non-Executive Director

- Base Salary as at 30 June 2021 of \$40,000 to be reviewed annually.

All Directors are required by the Company's Constitution to retire at the end of the third Annual General Meeting after their appointment and may offer themselves for reappointment.

Directors may give notice of resignation, effective at the time of receipt (which depends upon the means of delivery or transmission). Directors can be suspended from office by a majority of directors at a meeting of the Board called for that purpose.

(c) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel of the Company and the consolidated entity for the years ended 30 June 2021 and 30 June 2020 are set out in the following tables:

2021	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits				Proportion of remuneration that is performance based %
Name	Cash salary & fees	Cash Bonus	Super-annuation	Long Service Leave	Termination Benefits	Share-based payments	Total	
	\$	\$	\$	\$	\$	\$	\$	
<i>Directors</i>								
K. Grice ¹	40,000	-	-	-	-	-	40,000	-
J. Yao ²	40,000	-	-	-	-	-	40,000	-
W. Huang	150,000	-	14,250	-	-	-	164,250	-
Z. Lin ³	40,000	-	-	-	-	-	40,000	-
X. Jian ⁴	40,000	-	-	-	-	-	40,000	-
Total	310,000	-	14,250	-	-	-	324,250	

¹ Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2021. The Company issued 3,388,456 fully paid shares at an issue price of \$0.014 in payment of accrued but unpaid Director fees for the period 1 April 2017 to 30 June 2020.

² Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2021. The Company issued 9,457,385 fully paid shares at an issue price of \$0.014 in payment of accrued but unpaid Director fees for the period 1 April 2017 to 30 June 2020.

³ Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2021. The Company issued 9,457,385 fully paid shares at an issue price of \$0.014 in payment of accrued but unpaid Director fees for the period 1 April 2017 to 30 June 2020.

⁴ Includes accrued & unpaid Directors fees of \$33,333 for y/e 30 June 2020. The Company issued 2,424,946 fully paid shares at an issue price of \$0.014 in payment of accrued but unpaid Director fees for the period 1 April 2017 to 30 June 2020.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

2020	Short-term employee benefits		Post-Employment Benefits	Long-term Benefits	Termination Benefits	Share-based payments	Total	Proportion of remuneration that is performance based %
Name	Cash salary and fees	Cash Bonus	Super-annuation	Long Service Leave		Options		
	\$	\$	\$	\$	\$	\$	\$	
<i>Directors</i>								
K. Grice ¹	40,000	-	-	-	-	-	40,000	-
J. Yao ²	40,000	-	-	-	-	-	40,000	-
W. Huang	150,000	-	14,250	-	-	83,000 ³	247,250	-
Z. Lin ⁴	40,000	-	-	-	-	-	40,000	-
X. Jian ⁵	33,333	-	-	-	-	-	33,333	-
Total	303,333	-	14,250	-	-	83,000	400,583	

¹ Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2020.

² Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2020.

³ Represents equity component of remuneration representing 10 months for y/e 30 June 2020 of value of shares to be issued on the 12-month anniversary of appointment.

⁴ Includes accrued & unpaid Directors fees of \$40,000 for y/e 30 June 2020.

⁵ Includes accrued & unpaid Directors fees of \$33,333 for y/e 30 June 2020.

(d) Options and rights granted as remuneration

There were no options granted during the year ended 30 June 2021 (2020: nil).

(e) Equity instruments issued on exercise of remuneration options

No equity instruments were issued during the period to KMP as a result of options exercised that had previously been granted as compensation.

(f) Additional disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by key management personnel of the consolidated entity, including their personally related entities, is set out below.

2021	Balance at the start of the year	Acquired in lieu of remuneration	Acquired as part of remuneration	Disposals	Balance at the end of the year
Name	Number	Number	Number	Number	Number
K. Grice	2,767,467	3,388,456	-	(2,155,923)	4,000,000
J. Yao	33,318,356	9,457,385	-	-	42,775,741
W. Huang	79,899,251	6,062,402	14,285,715	-	100,247,368
Z. Lin	1,554,338	9,457,385	-	-	11,011,723
X. Jian	-	2,424,947	-	-	2,424,947

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

(ii) Option holdings

There were NIL options over ordinary shares (2020: NIL) in the Company held during the financial year by key management personnel of the consolidated entity, including their personally-related entities, is set out below.

(iii) Convertible notes

The numbers of convertible notes held during the financial year by key management personnel of the consolidated entity, including their personally related entities, is set out below. These are convertible into ordinary shares \$0.02 at the note holder's option being 60,000,000 shares, and may be repaid by Coppermoly any time prior to the Maturity Date subject to Coppermoly paying the note holder a break fee equal to 5% of the repayment amount. The convertible notes bear interest at 7%, while the effective interest rate is 15%.

2021	Balance at the start of the year	Changes during the year	Balance at the end of the year
Name	Number	Number	Number
K. Grice	-	-	-
J. Yao ¹	60,000,000	-	60,000,000
W. Huang	-	-	-
Z. Lin	-	-	-
X. Jian	-	-	-

¹ Convertible notes issued to a related party - Jade Triumph International Limited

(iv) Other transactions with Directors and executives

There were no other transactions with Directors and executives and their related parties.

END OF REMUNERATION REPORT (Audited)

SHARES UNDER OPTION

There were no unissued ordinary shares of Coppermoly Limited under option at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Coppermoly Limited were issued during the year ended 30 June 2021 on the exercise of options (2020: nil).

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the consolidated entity paid insurance premiums in respect of Directors' and Officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The consolidated entity has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an Officer of the Company or any of its controlled entities against a liability incurred as such an Officer.

Other than the standard indemnities, the Company has not indemnified or insured the auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditors (BDO Audit Pty Ltd and Sinton Spence Chartered Accountants) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditors;
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

2021
\$

2020
\$

During the year the following fees were paid or payable for services provided by the auditors, their related practices and non-related audit firms.

Assurance Services

1. Audit Services – audit or review of financial statements

BDO Audit Pty Ltd Australian firm:

36,024

35,099

Sinton Spence Chartered Accountants PNG firm:

-

5,000

Total remuneration for audit services

36,024

40,099

2. Other Assurance Services

Sinton Spence Chartered Accountants PNG firm

-

-

Total remuneration for other assurance services

-

-

Total remuneration for assurance services

36,024

40,099

3. Taxation Compliance Services

BDO Services Pty Ltd Australian firm:

4,400

9,000

Sinton Spence Chartered Accountants PNG firm:

-

1,511

Total remuneration for taxation services

4,400

10,511

This report is made in accordance with a resolution of the Directors.



Kevin Grice
Non-executive Director

Brisbane, Queensland
30 September 2021

AUDITOR'S INDEPENDENCE DECLARATION



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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF COPPERMOLY LIMITED

As lead auditor of Coppermoly Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coppermoly Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'T J Kendall', is written over a horizontal line.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2021

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Other income	5	38,852	68,057
		<u>38,852</u>	<u>68,057</u>
Depreciation		(47,180)	(40,634)
Employee benefits expense		(536,481)	(625,748)
Business development costs		(102,052)	(61,062)
Insurances		(43,533)	(62,755)
Corporate compliance and shareholder relations		(130,878)	(223,225)
Office rental, communication, and consumables		(35,073)	(44,939)
Finance costs		(182,468)	(185,053)
Other expenses		(6,900)	(37,254)
Loss before income tax		<u>(1,045,713)</u>	<u>(1,212,613)</u>
Income tax (expense) / benefit	7	-	-
Net Loss for the year		<u>(1,045,713)</u>	<u>(1,212,613)</u>
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		(1,611,694)	(127,081)
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the year		<u>(1,611,694)</u>	<u>(127,081)</u>
Total comprehensive income for the year		<u>(2,657,407)</u>	<u>(1,339,694)</u>
		Cents	Cents
Basic and diluted loss per share	21	(0.05)	(0.06)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	3,392,794	4,623,149
Trade and other receivables		68,752	69,776
Total Current Assets		3,461,546	4,692,925
Non-Current Assets			
Receivables		15,588	17,211
Right-of-use-assets	9	35,654	71,280
Property, plant, and equipment		173,564	259,448
Mineral exploration and evaluation assets	10	15,798,966	16,797,885
Total Non-Current Assets		16,023,772	17,145,824
Total Assets		19,485,318	21,838,749
LIABILITIES			
Current Liabilities			
Trade and other payables	11	236,315	585,384
Lease Liabilities	12	42,392	35,287
Provisions		37,514	44,312
Borrowings	13	-	1,614,346
Total Current Liabilities		316,221	2,279,329
Non-Current Liabilities			
Lease Liabilities	12	-	42,392
Borrowings	13	1,612,508	-
Total Non-Current Liabilities		1,612,508	42,392
Total Liabilities		1,928,729	2,321,721
Net Assets		17,556,589	19,517,028
EQUITY			
Contributed equity	14	30,815,539	30,292,296
Reserves	15	1,042,962	2,480,931
Accumulated losses		(14,301,912)	(13,256,199)
Total Equity		17,556,589	19,517,028

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at 30 June 2020	30,292,296	(13,256,199)	2,480,931	19,517,028
Comprehensive income for the year				
Loss for the year	-	(1,045,713)	-	(1,045,713)
Foreign currency translation difference	-	-	(1,611,694)	(1,611,694)
Total Comprehensive Income	-	(1,045,713)	(1,611,694)	(2,657,407)
Transactions with owners in their capacity as owners				
Value of conversion rights on convertible notes	-	-	173,725	173,725
Contributions of equity (note 14)	523,243	-	-	523,243
Total transactions with owners	523,243	-	173,725	696,968
In their capacity as owners				
Balance at 30 June 2021	30,815,539	(14,301,912)	1,042,962	17,556,589
Balance at 30 June 2019	24,288,516	(12,043,586)	2,608,012	14,852,942
Comprehensive income for the year				
Loss for the year	-	(1,212,613)	-	(1,212,613)
Foreign currency translation difference	-	-	(127,081)	(127,081)
Total Comprehensive Income	-	(1,212,613)	(127,081)	(1,339,694)
Transactions with owners in their capacity as owners				
Contributions of equity (note 14)	6,062,560	-	-	6,062,560
Costs of share issue (note 14)	(58,780)	-	-	(58,780)
Total transactions with owners	6,003,780	-	-	6,003,780
In their capacity as owners				
Balance at 30 June 2020	30,292,296	(13,256,199)	2,480,931	19,517,028

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

		2021 \$	2020 \$
	Notes		
Cash Flows from Operating Activities			
Cash receipts from government grants		37,500	50,000
Interest received		1,352	5,557
Finance costs paid		(1,841)	(1,168)
Payments to suppliers and employees (incl. GST)		(708,343)	(844,485)
Net cash outflow from operating activities	23	(671,332)	(790,096)
Cash Flows from Investing Activities			
Payments for exploration and evaluation activities		(503,192)	(1,839,454)
Payments for property, plant, and equipment		(10,204)	(250,938)
Net cash outflow from investing activities		(513,396)	(2,090,392)
Cash Flows from Financing Activities			
Proceeds from issues of shares		-	6,062,560
Cost of share issues		-	(58,780)
Repayment of lease liabilities		(44,028)	(42,791)
Net cash (outflow)/inflow from financing activities		(44,028)	5,960,989
Net increase/(decrease) in cash and cash equivalents		(1,228,756)	3,080,501
Cash and cash equivalents at the beginning of the financial year		4,623,149	1,548,536
Exchange difference on cash		(1,599)	(5,888)
Cash and cash equivalents at the end of the financial year	8	3,392,794	4,623,149

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied throughout the period, unless otherwise stated.

The ultimate parent entity Coppermoly Limited, is a public, listed company, incorporated, and domiciled in Australia and having its registered address and principal place of business at 2/42 Morrow Street, Taringa, Queensland.

Coppermoly Limited is an ASX-listed exploration company targeting porphyry style large scale-low grade projects prospective for copper, gold, and molybdenum. The Company's projects are located on New Britain Island in Papua New Guinea (PNG).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for the purposes of preparing these financial statements.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Coppermoly Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This financial report comprises the consolidated financial statements and notes of Coppermoly Limited and its controlled entities.

Going concern

The Group incurred a net loss of \$1,045,713 for the year ended 30 June 2021. As at 30 June 2021 the Group had cash reserves of \$3,392,794, a working capital surplus of \$3,145,325 and net assets of \$17,556,589. As at 30 June 2021, the Group had capital and other commitments, including minimum expenditure commitments relating to its mineral exploration tenements totalling \$466,488 (refer Note 16).

Taking into consideration the above factors, the directors believe that the going concern basis of preparation is appropriate as the Group has cash reserves that are significantly in excess of its liabilities which fall due for payment within twelve months of the date of these financial statements and the Group's current expenditure commitments.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial report has been prepared on an accruals basis under the historical cost convention.

**COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coppermoly Limited ("company" or "parent entity") as at 30 June 2021 and the results of all subsidiaries for the period then ended. Coppermoly Limited and its subsidiaries together are referred to in this financial report as the Group or the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board which makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Coppermoly Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(iii) Group companies

The results and financial position of Copper Quest PNG Ltd which has a functional currency of PNG Kina are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are reclassified to profit or loss as part of the gain or loss on sale, where applicable.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Other income

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

(f) Income tax

Current income tax expense is based on the profit before income tax adjusted for any non-tax deductible or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, with certain limited exceptions, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred tax assets are only brought to account if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Impairment of non-financial assets

Non-financial Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Fair value

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. Where applicable, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The carrying values of financial assets and liabilities, excluding convertible notes that are included in borrowings, are assumed to approximate their fair values due to their short-term nature. The value of convertible notes included in borrowings has been estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant, and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of convertible bonds, that do not include a derivative at fair value, is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

(iii) Share-based payments

Share-based compensation benefits can be provided to directors and employees.

The fair value at grant date is determined using a Black-Scholes option pricing model that considers the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Potential ordinary shares as a result of options outstanding at the end of the period are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(q) Mineral exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Accounting standards issued but not yet effective

The Directors do not consider that the adoption of any new standards and Interpretations in issue but not yet effective at the date of these financial statements will have a material impact on the financial statements of the Group.

(t) New Accounting Standards and Interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year. The adoption of these new and revised accounting standards and interpretations did not have any material effect on the financial results or financial position of the Group or the Company for the reporting period.

NOTE 2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The primary objective of the Company's financial risk management is to ensure that the Company has sufficient liquidity to fund its desired exploration and development programs through raising debt and equity funding as appropriate.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group does not have any material exposure to market risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure in the PNG Kina.

The Group currently has no material foreign exchange risk, however such risk may arise in future when mine production begins, and product may be sold internationally. The policy of the Group for managing foreign exchange risk is to continuously monitor exchange risk. It is the Group's policy not to use hedging. As at reporting date the Group has not started production activity and accordingly has minimal exposure to this risk.

(ii) Interest rate risk

Refer to (d) below.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group.

The objective of the Group is to minimise risk of loss from credit risk exposure.

Credit risk arises principally from cash and cash equivalents.

The Group's maximum exposure to credit risk, without considering the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the statement of financial position.

The Group has no significant concentrations of credit risk other than cash at bank and short-term deposits. The Group has all cash deposits with reputable banks such as Westpac, which has a credit rating of AA- long term and A-1+ short term, with a stable outlook (affirmed by S&P Global Rating in June 2021).

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Group has established several policies and processes for managing liquidity risk. These include:

- Continuously monitoring:
 - actual and daily cashflows and longer-term forecasted cashflows
 - the maturity profiles of financial assets and liabilities to match inflows and outflows
- Maintaining adequate reserves
- Monitoring liquidity ratios (working capital)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the lack of material revenue, the Group aims to maintain adequate reserves of liquidity. The Group's objective is to obtain maximum investment returns whilst maintaining maximum security.

The Group's practice is to maintain funds, other than those required for working capital, on term deposits with major financial institutions.

Other cash is held in an interest bearing bank account and funds are transferred to operating cheque accounts based on forecast operating requirements.

Summary quantitative data

	2021 \$	2020 \$
Current assets	3,461,546	4,692,925
Current liabilities	316,221	2,279,329
Surplus	3,145,325	2,413,596

Maturity analysis

Financial liabilities have differing maturity profiles depending on the contractual term. The table shows the period in which recognised financial liabilities balance will be paid based on the remaining period to repayment date assuming contractual repayments are maintained. Contractual cashflows are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to carrying amount.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Weighted average interest rate	Carrying amount	Contractual cashflow	Within 1 year	1-2 years
	\$	\$	\$	\$	\$
2021					
Trade and other payables	0%	273,830	273,830	273,830	-
Borrowings	15%	1,612,508	1,864,554	-	1,864,554
Lease Liabilities	14%	42,392	45,348	45,348	-
2020					
Trade and other payables	0%	585,384	585,384	585,384	-
Borrowings	15%	1,614,346	1,657,086	1,657,086	-
Lease Liabilities	14%	77,679	89,375	44,027	45,348

(d) Interest rate risk

Interest rate risk arises principally for cash and cash equivalents. The Group's borrowings comprise fixed rate borrowings in the form of convertible notes and do not expose the Company to changes in market interest rates.

At the end of the reporting period the Group had the following financial instruments exposed to interest rate risk:

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	3,392,794	4,623,149
Net exposure	<u>3,392,794</u>	<u>4,623,149</u>

Sensitivity Analysis

June 2021

	Interest Rate Risk		Interest Rate Risk	
	- 1%		+ 1%	
Carrying amount	Profit	Equity	Profit	Equity
\$	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,392,794	(33,928)	33,928	33,928
Total increase / decrease	-	(33,928)	33,928	33,928

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

Sensitivity Analysis

June 2020

	Interest Rate Risk		Interest Rate Risk	
	- 1%		+ 1%	
Carrying amount	Profit	Equity	Profit	Equity
\$	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,623,149	(46,231)	46,231	46,231
Total increase / decrease	-	(46,231)	46,231	46,231

Cash and cash equivalents include deposits at call at floating and short-term interest rates.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk (continued)

From time to time the Group has significant interest bearing assets, but they are because of the timing of equity raising and capital expenditure rather than a reliance on interest income. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The policy of the Group is to continuously monitor interest rate risk exposures during the period balances are held and to alter the balance of fixed and floating rate deposits as considered appropriate.

(e) Foreign exchange risk

At the end of the reporting period the Group had the following exposure to foreign currencies:

	2021	2020
Financial Assets		
Cash and cash equivalents	20,583	7,129
Trade and other receivables	20,384	21,939
	40,967	29,068
Financial Liabilities		
Trade and other payables	14,106	15,522
	14,106	15,522
Net exposure	26,861	13,546

Sensitivity Analysis

June 2021

Foreign Exchange Risk

- 10%

+ 10%

Carrying amount	Profit	Equity	Profit	Equity
\$	\$	\$	\$	\$
Financial Assets and Liabilities				
Net exposure – AUD	(2,686)	(2,686)	2,686	2,686

Sensitivity Analysis

June 2020

Foreign Exchange Risk

- 10%

+ 10%

Carrying amount	Profit	Equity	Profit	Equity
\$	\$	\$	\$	\$
Financial Assets and Liabilities				
Net exposure - AUD	(1,355)	(1,355)	1,355	1,355

(f) Commodity price risk

As the Group is not currently engaged in mining and sale of commodities there is no exposure to this risk.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future when preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. Information about key estimates, assumptions and judgements are described in the following notes:

Going concern assessment

As disclosed in Note 1(a), judgement has been exercised in determining that it is appropriate for the financial statements to be prepared on the going concern basis.

Exploration and evaluation expenditure

As at 30 June 2021 the Group had capitalised exploration and evaluation expenditure of \$15,798,966 (refer note 10). The ultimate recoupment of capitalised exploration and development expenditure is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest. The Group's continued development of its mineral property interests is dependent upon the determination of economically recoverable reserves, the ability of the Group to obtain the financing necessary to maintain operations, successfully complete its exploration and development programs and the attainment of future profitable production. The recognition of this expenditure as an asset requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently because of the Coronavirus (COVID-19) pandemic

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security, and economic environment.

Deferred tax assets

No member of the Group has generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the criteria set out in AASB 112. Refer note 7.

Estimates and assumptions are reviewed on an ongoing basis.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4 PARENT ENTITY INFORMATION

	2021	2020
	\$	\$
ASSETS		
Current Assets	3,388,919	4,644,089
Non-Current Assets	17,510,887	17,021,741
Total Assets	20,899,806	21,665,830
LIABILITIES		
Current Liabilities	275,293	2,305,081
Non-Current Liabilities	1,612,508	-
Total Liabilities	1,887,801	2,305,081
Net Assets	19,012,005	19,360,749
EQUITY		
Contributed equity	30,815,539	30,292,296
Share option reserve	3,433,487	3,259,762
Accumulated losses	(15,237,021)	(14,191,309)
Total Equity	19,012,005	19,360,749
Net Loss for the year	(1,045,712)	(1,186,950)
Total comprehensive income for the year	(1,045,712)	(1,186,950)

The Company has committed to provide continued financial support to its subsidiary, Copper Quest PNG Limited, and will not call loans owed by its subsidiary within the next 12 months. The Company has no other guarantees, contractual commitments for the acquisition of property, plant or equipment or contingencies as at 30 June 2021 and 2020.

NOTE 5 OTHER INCOME

	2021	2020
	\$	\$
Other income comprises the following items:		
Interest income	1,352	5,557
Government grants	37,500	62,500
	38,852	68,057

NOTE 6 EXPENSES

	2021	2020
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation	47,180	40,634
Business development costs	102,052	61,062
Defined contribution superannuation expense	21,117	28,194

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7 INCOME TAX

	2021 \$	2020 \$
(a) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(1,045,713)	(1,212,613)
Tax at the Australian (and PNG) tax rate of 26% (2020: 27.5%)	(271,885)	(333,469)
Non-deductible expenses	33,315	47,327
Non-assessable income	(9,750)	(17,188)
Deferred tax assets not recognised	248,320	303,330
Income tax expense / (benefit)	-	-
(b) Recognised deferred tax assets		
Unused tax losses	-	-
Deductible temporary differences	528	20,094
	528	20,094
(c) Recognised deferred tax liabilities		
Assessable temporary differences	528	2,337
	528	2,337
(d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in the Statement of Financial Position for the following items:		
Unused tax losses for which no deferred tax asset has been recognised	14,187,534	11,545,774
Deductible temporary differences	217,181	639,248
	14,404,715	12,185,022
Potential benefit at 26% (2020: 27.5%)	3,745,226	3,350,881

There is no expiry date on the future deductibility of unused tax losses.
The Group has no franking credits.

NOTE 8 CURRENT ASSETS: CASH & CASH EQUIVALENTS

Cash at bank and on hand	3,380,862	4,611,217
Cash on short-term deposit	11,932	11,932
	3,392,794	4,623,149

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9 RIGHT-OF-USE ASSETS

	2021	2020
	\$	\$
Land and buildings – right-of-use	106,880	106,880
Less: Accumulated depreciation	(71,226)	(35,600)
	<u>35,654</u>	<u>71,280</u>

The Group leases land and buildings for its commercial office under an agreement of between two to six years, including two options to extend. The lease includes an annual rent review of 3% or CPI, whichever is higher.

Accounting policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group elects not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 10 MINERAL EXPLORATION AND EVALUATION ASSETS

	2021	2020
	\$	\$
Papua New Guinea		
Balance at the beginning of the financial year	16,797,885	15,212,895
Expenditure capitalised during the year	586,289	1,714,263
Foreign currency exchange differences	(1,585,208)	(129,273)
Balance at the end of the financial year	<u>15,798,966</u>	<u>16,797,885</u>

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

West New Britain Project Exploration Licences

In October 2009 the Group signed a Letter Agreement with Barrick to sole fund \$20 million to earn up to 72% interest in Coppermoly Limited's tenements (Mt Nakru and Simuku) (**WNB Projects**) in Papua New Guinea. Barrick earned 72% equity in January 2012. In May 2012 Barrick advised Coppermoly of its intention to divest its interest in the WNB Projects. In July 2013 Coppermoly entered into an agreement with Barrick to re-acquire Barrick's interest in the WNB Projects on a staged basis to reacquire 100% ownership of these licences. Barrick still holds a nominal 28% interest in the WNB Projects.

Reacquisition Deed

The key remaining term of the Reacquisition Deed with Barrick is:

- The Group may acquire the remaining nominal 28% interest in the WNB Projects, which the Company has a binding agreement to acquire, by making a payment of AUD \$4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the WNB Projects. Barrick do not have to contribute any further costs to exploration or development of the projects nor are they entitled to any profits from the projects.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11 CURRENT LIABILITIES: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Trade and other payables		
Unsecured:		
Trade creditors	19,093	30,935
Other creditors	217,222	554,449
	<u>236,315</u>	<u>585,384</u>

Other creditors includes accrued but unpaid Director fees totalling \$160,000 (2020: \$423,244). The Company issued 2,424,946 fully paid shares at an issue price of \$0.014 in payment of accrued but unpaid Director fees for the period 1 April 2017 to 30 June 2020.

NOTE 12 LEASE LIABILITIES

	2021 \$	2020 \$
Opening balance	77,679	-
Liability recognised on initial application of AASB16	-	106,880
Interest expense	8,740	13,590
Lease payments	(44,027)	(42,791)
Total Lease liability	42,392	77,679
Less: Current lease liability due to be settled within 12 months	(42,392)	(35,287)
Non-current lease liability	<u>-</u>	<u>42,392</u>

Accounting policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13 BORROWINGS

Borrowings

	2021	2020
	\$	\$
Unsecured:		
Convertible notes (a)	1,071,537	1,157,260
Accrued interest	540,971	457,086
	<u>1,612,508</u>	<u>1,614,346</u>

Disclosed as:

Current liabilities	-	1,614,346
Non-current liabilities	1,612,508	-
	<u>1,612,508</u>	<u>1,614,346</u>

(a) Convertible notes

The terms of the convertible notes are as follows:

Re-issue Date:	19 December 2020
Maturity Date:	19 December 2022
Number of Notes	60,000,000
Note Face Value:	\$1,200,000
Conversion Price:	Convertible into ordinary shares \$0.02 at the note holder's option being 60,000,000 shares.

Repayment upon maturity: The outstanding principal amounts of the convertible notes (being the outstanding issue price of the convertible notes to the extent that they have not been converted) will be repaid by the Company.

In prior financial periods, the original terms of the notes were varied to extend the Maturity Date to 19 December 2020. On 16 December 2020 the terms of the notes were again varied to further extend the maturity date to 19 December 2022.

The notes may be repaid by Coppermoly any time prior to the Maturity Date subject to Coppermoly paying the note holder a break fee equal to 5% of the repayment amount.

Interest: The convertible notes bear interest at 7%. The effective interest rate is 15%.

	2021	2020
	\$	\$
The convertible notes are presented in the statement of financial position as follows:		
Face value of notes issued	1,200,000	1,200,000
Other equity securities – value of options issued	(625,822)	(452,097)
Cost of convertible notes issue	(13,739)	(13,739)
	<u>560,439</u>	<u>734,164</u>
Unwinding of equity portion - interest expense	511,098	423,096
Convertible notes liability	<u>1,071,537</u>	<u>1,157,260</u>

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14 CONTRIBUTED EQUITY

	2021	2020	2021	2020
	Shares	Shares	\$	\$
(a) Paid Up Capital				
Ordinary shares – fully paid – no par value	2,172,290,279	2,127,213,969	30,815,539	30,292,296

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

The Company does not have any authorised capital limit.

(b) Movements in ordinary share capital:

Date	Details	Number of Shares	Issue Price \$	\$
30 Jun 2019	Balance	1,723,043,311		24,288,516
31 July 2019	Shares issued pursuant to Share Placement	404,170,658	0.015	6,062,560
	Less costs of raising capital	-		(58,780)
30 Jun 2020	Balance	2,127,213,969		30,292,296
17 Dec 2020	Shares issued in lieu of accrued directors fees	30,790,595	0.014	423,243
17 Dec 2020	Shares issued to Managing Director as remuneration	14,285,715	0.007	100,000
30 Jun 2021	Balance	2,172,290,279		30,815,539

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of equity attributable to equity holders of the Parent comprising issued capital, reserves and retained earnings as disclosed in the statement of financial position.

The Group reviews the capital structure on an on-going basis with consideration to the cost of capital and the risks associated with each class of capital. The Group is not exposed to externally imposed capital requirements.

(d) Options	No. of Options 2021	No. of Options 2020
The number of unissued ordinary shares relating to options not exercised at year end:		
Unlisted Options over shares in the Parent Entity:	-	-
	-	-

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
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NOTE 14 CONTRIBUTED EQUITY (continued)

(e) Option Issues

No options were issued during the financial years 2021 and 2020.

(f) Option Exercise

No options were exercised during the financial year (2020: Nil).

(g) Option Expiry

No options expired during the financial year (2020: Nil).

NOTE 15 RESERVES	2021	2020
	\$	\$
Share option reserve	3,433,487	3,259,762
Foreign currency translation reserve	(2,390,525)	(778,831)
	<u>1,042,962</u>	<u>2,480,931</u>
Movements:		
<i>Share option reserve</i>		
Balance at the beginning of the financial year	3,259,762	3,259,762
Convertible notes – value of conversion feature and options issued	173,725	-
Balance at the end of the financial year	<u>3,433,487</u>	<u>3,259,762</u>
<i>Foreign Currency Translation Reserve</i>		
Balance at the beginning of the financial year	(778,831)	(651,750)
Currency translation difference arising during the year	(1,611,694)	(127,081)
Balance at the end of the financial year	<u>(2,390,525)</u>	<u>(778,831)</u>

Nature and purpose of reserves

(i) Share Option Reserve

The share option reserve represents accumulation of option premium paid on issuing listed options, the value of expired options and the difference between the proceeds received from a convertible bond that does not have a derivative at fair value and the fair value of the liability on initial recognition.

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16 COMMITMENTS

(a) Exploration Expenditure Commitments

To maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Commitments are not provided for in the accounts and are payable:

Not later than 1 year

Later than 1 year but not later than 5 years

	2021 \$	2020 \$
	74,986	58,111
	391,502	196,008
	<u>466,488</u>	<u>254,119</u>

All exploration expenditure spending commitments had been met as at 30 June 2021

NOTE 17 SUBSEQUENT EVENTS

Except as noted below, no matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- On 11 August 2021 the Group received confirmation from the Mineral Resources Authority of Papua New Guinea that EL1043 has been renewed for a two year period expiring 7 December 2022.

NOTE 18 KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

Key management personnel compensation:

Short-term employee benefits:

Cash and accrued directors' fees

Post-employment benefits

Share based payment

	2021 \$	2020 \$
	310,000	303,333
	14,250	14,250
	-	83,000
	<u>324,250</u>	<u>400,583</u>

As at 30 June 2021 accrued and unpaid Directors fees totalled \$160,000 (2020:\$423,244).

Transactions with other related parties

During the year ended 30 June 2021 the Group issued convertible notes to Jade Triumph International Limited (**Jade Triumph**) an entity related to Jincheng Yao. The terms and conditions of the notes are included in Note 13 including details of the amounts provided, interest accrued and repayments made. As at 30 June 2021 the balance owed to Jade Triumph was \$1,740,970 (30 June 2020 \$1,657,086).

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 19 SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Operating segments are determined based on financial information reported to the Board which is at the consolidated entity level. Accordingly, the consolidated entity is treated as one operating segment.

Therefore, management identifies the Group as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

(b) Entity-wide disclosures

The Group's geographical information is as follows:

		Australia	Papua New Guinea
		\$	\$
Non-current assets	2021	54,771	15,969,001
	2020	97,446	17,048,378

The Group operates primarily in mineral exploration projects in Papua New Guinea. The Group's corporate office is in Brisbane, Australia.

The Group does not have any products/services it derives material revenue from except interest and government grants which are mainly from Australia.

NOTE 20 AUDITORS' REMUNERATION

2021
\$

2020
\$

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and the auditor of the subsidiary entity, their related practices and non-related audit firms.

Assurance Services

1. Audit Services – audit or review of financial statements

BDO Audit Pty Ltd Australian firm:	36,024	35,099
Sinton Spence Chartered Accountants PNG firm:	-	5,000
Total remuneration for audit services	36,024	40,099

2. Other Assurance Services

Sinton Spence Chartered Accountants PNG firm:	-	-
Total remuneration for other assurance services	-	-
Total remuneration for assurance services	36,024	40,099

3. Taxation Compliance Services

BDO Services Pty Ltd Australian firm:	4,400	9,000
Sinton Spence Chartered Accountants PNG firm:	-	1,511
Total remuneration for taxation services	4,400	10,511

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
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NOTE 21 EARNINGS PER SHARE ("EPS")

	2021	2020
Basic and diluted earnings (losses) per share (cents per share)	(0.05)	(0.06)
Loss used in calculating basic and diluted earnings per share is the net loss for the year.	\$1,045,713	\$1,212,613
	No.	No.
Weighted average number of shares used in the calculation of the basic and diluted EPS	2,151,295,843	2,092,980,955
The number of potential ordinary shares relating to convertible notes not converted at year end. These potential ordinary shares are not dilutive and, accordingly, were not used in calculating diluted EPS.	60,000,000	60,000,000

NOTE 22 CONTINGENCIES

(i) The Macmin Royalty

By an agreement dated 12 June 2002 between Macmin NL, Macmin (PNG) Limited and New Guinea Gold Corporation (NGG Canada), NGG Canada indirectly acquired all rights, title and interests held by Macmin NL in respect of EL 1043 (Mt Nakru) and EL 1077 (Simuku) through the purchase of all the issued capital of Macmin (PNG) Limited (being a wholly owned subsidiary of Macmin NL).

Under the terms of the agreement NGG Canada granted a 1% net smelter return royalty (NSRR) in favour of Macmin NL payable in respect of all mineral products produced from the tenements upon being brought into production. The royalty may remain attached to the tenements and may become payable by the Group upon the tenements being brought into production. This would be subject to legal opinions and negotiations should such circumstances come to bear.

In November 2008, Macmin Silver Ltd (formerly Macmin NL) had been placed into administration. In October 2009, Macmin Silver Ltd emerged from voluntary administration; however, the rights to the 1% net smelter royalty are now attributable to the Creditors' Trust of Macmin Silver Ltd. On 11 September 2015 EL 2379 was granted to Copperquest PNG Pty Ltd by the PNG Mineral Resources Authority as a consolidated exploration licence combining EL 1077 Simuku and EL 1445 Talelumas.

Due to the number of variables involved it is not practicable to disclose an estimate of the financial effect related to this contingent liability.

(ii) The Reacquisition Deed with Barrick

The Group may acquire Barrick's remaining nominal 28% interest in the West New Britain Projects by making a payment of AUD \$4,500,000, payable no later than the date that is 6 months after the commencement of commercial production at the West New Britain Projects.

COPPERMOLY LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 23 (a) RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 \$	2020 \$
Reconciliation of loss after income tax to net cash inflow from operating activities		
Profit / (loss) after income tax	(1,045,713)	(1,212,613)
- Business development costs	-	61,062
- Depreciation expense	47,180	40,634
- Non-cash interest expense	180,627	183,885
- Net exchange differences	1,599	12,323
Change in operating assets and liabilities:		
- Payables and provisions	162,279	127,263
- Trade and other receivables	(29,244)	15,526
- Prepayments	11,940	(18,176)
Net cash (outflow) from operating activities	(671,332)	(790,096)

(b) Net Debt Reconciliation

The below sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2021 \$	2020 \$
Net Debt		
Cash and cash equivalents	3,392,794	4,623,149
Borrowings	(1,612,508)	(1,614,346)
Lease liabilities	(42,392)	(77,679)
	1,737,894	2,931,124

(c) Change in liabilities arising from financing activities

	Borrowings	Lease Liabilities	Total
Net debt as at 1 July 2019	1,444,051	-	1,444,051
Cash flows	-	(42,791)	(42,791)
Non-cash flows	170,295	120,470	290,765
Net debt as at 30 June 2020	1,614,346	77,679	1,692,025
Cash flows	-	(44,028)	(44,028)
Non-cash flows	(1,838)	8,741	6,903
Net debt as at 30 June 2021	1,612,508	42,392	1,654,900

NOTE 24 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiary in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2021 %	Equity Holding 2020 %
Copper Quest PNG Ltd	PNG	Ordinary	100	100
Copperquest Australia Pty Ltd	Australia	Ordinary	100	-

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 17 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
 - (iii) complying with International Financial Reporting Standards as disclosed in note 1; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the audited Remuneration Report set out on pages 10 to 14 of the Directors' Report complies with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Kevin Grice
Non-executive Director

Brisbane, Queensland
30 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Coppermoly Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Coppermoly Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of mineral exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to note 10 in the financial report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2021 in relation to the application of the Group's accounting policy for exploration and evaluation assets.</p> <p>The recoverability of exploration and evaluation assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') in light of any indicators of impairment that may be present. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing. • Where licenses over areas of interest have expired or are due to expire in the next 12 months we further assessed the basis for continuing to carry the costs, including the status of renewals that had been lodged and obtaining evidence that the licenses remained in force until the renewal process is completed. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash flow budget for the level of budgeted spend on exploration projects. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

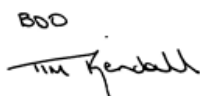
We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Coppermoly Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



T J Kendall
Director

Brisbane, 30 September 2021

SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in the Annual Report.

The shareholder information set out below was applicable as at 31 August 2021.

A. CORPORATE GOVERNANCE STATEMENT

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation in the year ended 30 June 2021.

In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on the Company's website www.coppermoly.com.au and will be lodged with the ASX at the same time that this Annual Report is lodged with the ASX.

B. DISTRIBUTION AND NUMBER OF HOLDERS OF EQUITY SECURITIES

The distribution and number of holders of equity securities on issue in the Company as at 18 September 2020, and the number of holders holding less than a marketable parcel of the company's ordinary shares based on the closing market price as at 31 August 2021 is as follows:

Size of Holding	Fully paid ordinary shares (ASX: COY)		Convertible notes	
	Number of holders	% of total securities	Number of holders	% of total securities
1 – 1,000	43	-	-	-
1,001 – 5,000	37	0.01	-	-
5,001 – 10,000	112	0.05	-	-
10,001 – 100,000	419	0.81	-	-
100,001 and over	181	99.14	1	100%
	792	100.00	1	100%

As at 31 August 2021, there were 422 holders who held less than a marketable parcel of shares.

As at 31 August 2021, there were NIL equity securities which were subject to restrictions.

C. VOTING RIGHTS

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each ordinary share held.

Convertible notes do not carry any voting rights.

D. ON-MARKEY BUY-BACK

The Company is not currently conducting an on-market buy-back.

E. ON-MARKEY BUY-BACK

The Company did not purchase securities on market during the reporting period.

F. TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The Company has only one class of quoted equity securities, being fully paid ordinary shares (ASX:COY). The names of the twenty largest holders of fully paid ordinary shares, the number of fully paid ordinary shares and the percentage of fully paid ordinary shares on issue as at 31 August 2021 was as follows:

CORPORATE DIRECTORY

Shareholder name	Shares held as at 31 August 2021	% of total shares on issue
EVER LEAP SERVICES LIMITED	924,742,508	42.6%
SHANGHAI FUYUAN INVESTMENTS LIMITED	404,170,658	18.6%
SHENZHEN BEILITE JADES LIMITED	364,444,444	16.8%
JELSH HOLDINGS PTY LTD	95,087,601	4.4%
BARRICK (PD) AUSTRALIA LIMITED	73,201,447	3.4%
MR MA PIWU	52,737,609	2.4%
JADE TRIUMPH INTERNATIONAL LTD	40,000,000	1.8%
MR JOSEPH TULLIO	29,100,000	1.3%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,683,465	1.0%
MR JINCHENG YAO	12,775,741	0.6%
MR ZULE LIN	11,011,723	0.5%
MR HAO MA	10,835,790	0.5%
MR PETER JOHANNES POORT	10,000,000	0.5%
MR DAVID THOMAS WHITE	6,734,290	0.3%
MR CHRISTOPHER IAN WALLIN & MS FIONA KAY MCLOUGHLIN & MRS SYLVIA FAY BHATIA <CHRIS WALLIN SUPER FUND A/C>	5,500,000	0.3%
DR WANFU HUANG	5,159,767	0.2%
MR KEVIN LEONARD GRICE & MRS DIANNE GAIL GRICE	4,000,000	0.2%
NMC MINING CORPORATION	3,827,646	0.2%
MR DAVID LAWSON	3,606,936	0.2%
MR GOPAL KRISHNA BOSE & MRS SHARMILA BOSE	3,000,000	0.1%
Total Securities of Top 20 Holdings	2,081,619,625	95.8%
Balance of register	90,670,634	4.2%
Total of Securities	2,172,290,259	100.00%

G. HOLDERS OF MORE THAN TWENTY PERCENT OF EACH CLASS OF UNQUOTED SECURITIES

Each convertible note entitles the holder to acquire one fully paid ordinary shares subject to any vesting conditions being satisfied and in the case of options subject to the holder paying the conversion price.

The names of the holders of more than 20% of convertible notes is set out below:

Name	Convertible notes held	% of convertible notes issued
Shenzhen Beilite Jades Limited	60,000,000	100.00%

H. SUBSTANTIAL SHAREHOLDERS

As at 18 September 2020, the names of the substantial shareholders of the Company and the number of equity securities in which those substantial shareholders and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company were as follows:

Name	Shares held	% of issued capital
Ever Leap Services Limited	924,742,508	42.6%
Shanghai Fuyuan Investments Limited	404,170,658	18.6%
Shenzhen Beilite Jades Limited	364,444,444	16.8%

CORPORATE DIRECTORY

DIRECTORS

Mr Kevin Grice
Mr Jincheng Yao
Dr Wanfu Huang
Mr Zule Lin
Mr Xuan Jian

COMPANY SECRETARY

Mr Stephen Kelly

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Level 12
225 George Street
Sydney NSW 2000

AUDITORS

BDO Audit Pty Ltd
Level 10
12 Creek Street
Brisbane Qld 4000

BANKERS

Westpac Bank

STOCK EXCHANGE

Coppermoly Limited is listed on the Australian Securities Exchange
and the Port Moresby Stock Exchange, Papua New Guinea